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STATINTL

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CPYRGHT

Mr. CAPEHART. Mr. President, friends of Prof. John Kenneth Galbraith, of Harvard, have suggested that I took two paragraphs out of context in quoting his praise of communism in a booklet entitled "Beyond the Marshall Plan," published February 1949, by the National Planning Association.

I am not particularly interested in Professor Galbraith. I am interested in the economic philosophy of the only witness called as an economist to testify in this supposedly nonpolitical and friendly investigation of the stock market.

To set the record straight, I ask unanimous consent to have printed in the body of the Record as a part of these remarks pages 18 through 21 of that booklet so that the full context in which the professor's statements appear may be available to the American people.

I leave it to the people to judge the professor's position and whether I gave an unfair characterization to what he said.

Mr. MONRONEY. Mr. President, reserving the right to object, I wonder if the Senator from Indiana would agree to have printed in the Record the entire pamphlet written by Professor Galbraith. I think it would be more informative to the Senate. I have not yet been able to obtain a copy. I should like to urge the Senator to incorporate in the Record the entire pamphlet.

Mr. CAPEHART. What I am asking is that the full chapter on Unification of Europe be printed in the Record. I would suggest that Senators secure the entire booklet and read it.

Mr. MONRONEY. That is what I was hoping the Senator would do, so that it would be available for a full study.

Mr. CAPEHART. I do not have the booklet here, but I have no objection to the Senator's placing the entire booklet in the Record if he cares to do so. It is

the chapter on the Unification of Europe to which I referred and to which I intend to refer in the future.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### ECONOMIC UNIFICATION

It has not been fashionable in the United States in recent times to speak well of communism. Little, perhaps dangerous little, has therefore been said of the achievements of communism. These, as an adult people should realize, have been considerable, and they help to explain why some millions of alert and intelligent Europeans have embraced this faith, and why a fair minority of the more intelligent and aggressive among them are willing to devote their talents and their lives to advancing it.

One of these achievements is a reputation for sincerity in the promise to abate old grievances, whatever doubts there may be of Communist sincerity on other matters. A second and more important achievement is the development of an effective formula for solving the problem of nationalism. In fact the Communists, to date, are the sole possessors of a solution of this problem.

Europe is the birthplace of nationalism and on this comparatively minute section of the earth's surface it has been carried to a reductio ad absurdum. Nowhere else in the world do so many nationalist entities share such a small space. No one should minimize the social and cultural contribution of the small nation; it is quite possible that the world owes more of its civilized virtues to small countries than to large ones. But while cultural autonomy is one thing, economic autonomy is something else. In a day of expanding wants, widening markets and, in consequence, growing economic interdependence, a community of small nations each exercising absolute sovereignty in economic affairs is an anachronism.

The Communists deal with this problem by persuading individuals to abandon their allegiance to their own national state and to substitute allegiance to a second. The latter, once pictured as a supranational worker's state, has become identical with allegiance to the Soviet Union. The formula does not work perfectly. The break between Marshal Tito and the Kremlin seems to be traceable in the broadest sense to Yugoslav nationalism. There have been similar problems in the Thorez wing of the French Communist Party and in Poland. Nevertheless, communism has been widely and perhaps even brilliantly successful in its effort to overcome narrow nationalism.

On the desirability, in principle, of weaning Europe from its commitment to an anarchy of small and independent states there is agreement between Russia and the West. There is a marked difference, however, in attitude toward translating principle into practice. The Communists are at work on their task; there is little doubt that the more devout members expect, eventually, to succeed. The West has no clear vision of where it is going and no effective instrument for getting there. It has yet to carry the definition of its objective beyond the vague phrases of "increased economic collaboration"; its instruments for achieving the goals are limited to the still imperfectly functioning organization for European Economic Cooperation in Paris and the educational work of the groups working for European union. There is a paralyzing conviction that the whole idea is impractical. At the moment the race is a highly unequal one.

No one should assume that, without a great deal of effort, the race will become more nearly even as the result of the Marshall Plan. That European countries would enter upon close economic collaboration was explicit in the Marshall bargain. We must

assume that this bargain was entered into in good faith. But until the phrase "economic collaboration" is given precise content the bargaining is very nearly meaningless. Clearly many Europeans do not imagine their side of the bargain to require surrender to a central body of any final authority over national economic policies. But nations cannot both retain full sovereignty and also endow a supranational body with real power. And if they have the power, governments will always take steps in defense of their own nationals in time of crisis. Some of the most promising lines of action, moreover, are those that export one country's misfortunes to another—that block the import of goods to maintain employment at home, deprecate exchanges to win a competitive advantage in exports or, as at the moment, limit accumulations of foreign currency to maintain a more nearly stable currency position.

Many Americans have also been looking at the wrong target when they have directed their attention toward economic unification of Western Europe. The latter has commonly been identified with a Western European customs union, or a currency union, or, though less frequently, with some central control over capital investment—one for example that would integrate the steel industry of France with that of Belgium and Luxembourg.

None of these things is entirely unimportant. But a customs union between western European states, to take the most prominent symbol of economic unification, would be of little consequence now or in the future. Customs duties or tariffs are not now an important barrier to intra-European trade—after the war, several European countries waived customs duties on essential products. Trade can be free but goods will not cross frontiers if governments, in the exercise of their allocation powers, allot none for export. Or, if they do not issue import permits or allot foreign exchange for the purpose. Or, if the fiscal systems of the two countries are so different—a discovery the Benelux countries have made in the last couple of years—that the tax levies of one country render the products of another noncompetitive.

Under present circumstances, and so long as governments are assuming large responsibilities for economic welfare (which means, in all probability, for the foreseeable future), a customs union would merely cause government to give up one type of control over trade and substitute others. And the substitutes are extraordinarily plentiful.

It is easy to see where all this leads. A customs union is a self-denying ordinance by governments that have agreed to give up their sovereign power to levy customs duties. But to be effective, this ordinance must be extended to a great many other types of control, including some like taxation and currency regulation, which require a good deal of administration. If there is to be administration there must be an administrator, which means that if there is to be economic unity there must be a central executive body; in other words, a central government.

At this juncture it is sufficiently clear that economic unification of Western Europe will not be easy. It is easier to dismiss the goal as impractical—to consider it the kind of exercise in Utopia building to which Americans are peculiarly devoted. Unhappily, in this instance, Utopia seems to accord also with the practical necessities of the case. And it is well that we see the full difficulties of the solution. If we and the many western Europeans who cherish the goal of economic unification content ourselves with vague talk about collaboration or hold exaggerated notions of the good that would come from a customs union, we can be sure that the net accomplishment will be slight.

Mr. CAPEHART. Mr. President, I also ask unanimous consent to have printed in the body of the RECORD, as a part of these remarks, a telegram which I received Saturday, March 19, 1955, at 10:41 a. m. from the professor and which was sent by him in New York at 8:53 a. m. on the same day.

The television broadcast to which he refers was filmed and recorded from 9 a. m. to 9:30 a. m., that day, and the telegram did not reach me until after the program had been concluded.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., March 19, 1955.

Senator HOMER CAPEHART,

Senate Office Building:

A gentleman from your staff has just read me two paragraphs from a pamphlet written by me some years ago which stress the vigor and appeal of the Communist promises to relieve poverty and the important fact that it cuts across the ancient problem of many separate nationalities in Europe. These propositions still seem to me generally sound if not very original and most experts would agree. In using them and their relation to the stock market is not wholly clear to me. I am sure you will indicate perhaps using this telegram that they were written to emphasize the formidable threat of communism in Europe and the likelihood as I recall the pamphlet that it would survive the Marshall plan.

Faithfully yours,

J. K. GALBRAITH.

Mr. CAPEHART. Mr. President, I particularly wish to call attention to the fact that this telegram says—in March 1955 he is still saying—that the two paragraphs I quoted from his booklet "stress the vigor and appeal of the communist promises to relieve poverty."

The telegram goes on to say:

The important fact (is) that it (communism) cuts across the ancient problem of many separate nationalities in Europe.

Mr. President, I do not understand the vigor or appeal of communism in relieving poverty.

Mr. MONRONEY. Mr. President, as I understand, Dr. Galbraith was referring to the propaganda promises made by the leaders in Russia that they would relieve poverty, that they would solve the ancient nationalistic problem which, of course, is nothing in the world but window dressing. The people realize that they have bought a false hope. As I understand what the Senator recently quoted, that is the effect of the writing of Dr. Galbraith in the brief paragraph which the Senator quoted.

Mr. CAPEHART. I have placed it in the RECORD, and if any Senator can read into the statement what the able Senator from Oklahoma has just said, I wish he would notify me, because if that be true, I cannot comprehend the English language.

Mr. President, the Communist-dominated nations are among the most poverty-stricken nations of the world, to the point where they are now seeking our aid in agriculture production to try to get enough to eat.

I wish to ask the professor what he considers the vigor and appeal of communism in promising to relieve poverty, and why he omitted to point out that

our way of life has given us the highest standard of living ever achieved by any country in the history of the world.

I should also like to ask him whether it is important that communism "cuts across the ancient problem of many separate nationalities in Europe" by wiping out the independence and the freedom of the millions of unfortunate people now in prison beyond the Iron Curtain.

We can all agree with much that the professor said in the booklet to which I have referred.

He stresses the point that economic unification of the countries of Europe is desirable. We can all agree with that main theme. In fact, a resolution accompanying the booklet, approved by a number of distinguished people, says:

The committee finds itself in general agreement with the broad principles and objectives stated in the (Galbraith) report, without necessarily passing upon matters of detail.

One of the details was how this desirable unification of Europe was to be achieved.

Much as I want Europe unified, I rebel at the mere thought of its unification by military conquest, oppression, and slavery. The point I sought to make, and which has been lost upon a few people who read my remarks, is that Galbraith failed in his report to denounce the solution to European nationalism offered by the Russians, namely, a solution based upon military conquest and slavery.

I still want to ask the professor what he regards as the "achievements of communism."

I still want to ask him why he thinks the "more intelligent Europeans" are willing to devote their talent and their lives to advancing communism.

I want to ask him by what standard he measures intelligence.

Were not the hosts of refugees, to whom real democracy appealed, and who emigrated to this country, among the "more intelligent?"

In passing, I am impressed by another statement of the professor, which is found on page 14:

There is an ironic possibility that, since 1848, the communist party the world over has won more supporters with promises of private ownership of land than the promises of social ownership of industry.

I note that he says this possibility is "ironic." But I am also impressed by the fact that he does not even comment on the fact that there is no such thing as "private ownership of land" under communism.

I urge every Member of the Senate to read the chapter from the professor's booklet which I have put in the RECORD. Better yet, I urge Senators to get the booklet itself and read the entire report.

They will find it inescapable that the professor's argument is that the most desirable solution of the problems of nationalism in Europe lies in the creation of centralized socialistic government.

I desire to make one more quotation from the professor's report. He says at page 17:

In the competition for the support of such a citizen the struggle between a free

community and a monolithic force such as communism can never be quite equal.

The professor is quite good in coining phrases and words. I continue to read:

The individual Communist can live in Western Europe with some security.

The individual non-Communist can face life under communism with no certainty of survival.

What does the professor mean? He means that the individual Communist in Western Europe—where we have spent so many billions to preserve freedom—can live with some security and that the individual non-Communist can face life with "no certainty of survival."

These remarks were made by the professor in connection with his description of communism as a "monolithic force"—that is describing communism as a monument or a pillar of strength.

Mr. President, "monolithic" means like a monument, or a pillar of strength. The remarks by the professor described communism as a "monolithic force." That is like describing communism as a monument or as a pillar of strength; or, as we used to say, like the Rock of Gibraltar.

He even failed to make any mention of the fact that freedom is greater in this country than it is or ever has been in the history of the world.

Why does he omit from this report any mention of the strengths of the democratic way of life and its proven appeal to the peoples of the world ever since the founding of our Republic?

Does he feel that the American way of life can no longer be sold?

Does he feel our shortcomings are greater than our strengths?

In his conclusion is his only mention of our country.

He says:

The unrelieved racial tensions of the American community and the instability of the American economy have become matters of concern to all the free countries of the world.

This, I submit, is an exaggerated and false picture of our country.

I think I shall read the last statement again. Professor Galbraith says:

The unrelieved racial tensions of the American community and the instability of the American economy have become matters of concern to all the free countries of the world.

I did not know that there were any particular racial tensions in the United States. I have not been aware of any. I do not know why a person should say that the instability of the American economy has become a matter of concern to all the free countries of the world.

Mr. President, these fellows may be clever with words, but it is not very difficult to read their meaning into what they say.

The recurrent philosophy throughout the report is that of a man who is selling democracy short.

These, Mr. President, are a few of the things I will question the professor about when he is recalled before the Banking and Currency Committee.

From time to time I intend to bring to the attention of the Senate other subjects on which the professor has written.

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. Would the Senator be kind enough to favor the Senate with the names of the members of the committee which he mentioned?

Mr. CAPEHART. I do not have the names before me, but, as I recall Milton Eisenhower was one member.

Mr. MONRONEY. Will not the Senator place in the RECORD the names of all the members, for the benefit of the Senate?

Mr. CAPEHART. I shall be very happy to do so; that is perfectly agreeable to me. I do not have them before me now; but, as I recall, Milton Eisenhower was one, and Allen Dulles, the head of the Central Intelligence Agency, was another.

Mr. MONRONEY. I think it would be informative for the Senate to know the names of the persons who have given support to the writings to which the Senator has referred.

Mr. CAPEHART. They said they approved them in general.

Mr. MONRONEY. That is what I should like to have placed in the RECORD.

Mr. CAPEHART. I cannot be responsible for the fact that those persons approved what Professor Galbraith said.

Mr. MONRONEY. I am certain the Senator will agree that those men, with their standing and reputation, must have placed a little different interpretation on what they read from that which the Senator has placed on it.

Mr. CAPEHART. I do not intend to argue with the able Senator from Oklahoma. I placed the material in the RECORD. I am perfectly willing to have every Senator and all other Americans read it and be their own judges. I am not trying to place any thoughts or words in anybody else's mind or mouth. The only economist who was called before our committee in respect to the stock exchange investigation was Dr. Galbraith. I have given today some of this thoughts and philosophy; and there is much more that I shall bring out, and much more about which I shall question him.

One of Dr. Galbraith's own colleagues, a member of the American Economic Society, I believe it is, stated that, in his opinion, Dr. Galbraith was the greatest enemy of private enterprise and democracy now living. I do not have the book with me, but I can place it in the RECORD tomorrow.

Mr. MONRONEY. Does the Senator from Indiana share that viewpoint?

Mr. CAPEHART. I do not know.

Mr. MONRONEY. I do not understand whether the Senator from Indiana is saying that Dr. Galbraith is a fellow traveler or a member of the Communist front.

Mr. CAPEHART. The Senator from Oklahoma said that; I did not.

Mr. MONRONEY. I am asking the Senator a question.

Mr. CAPEHART. I have simply stated some of Dr. Galbraith's philosophy, and I intend to give more of it. He was the only economist called before the committee.

If the able Senator from Oklahoma gets any satisfaction out of defending and protecting the statements I have just read, or any satisfaction out of defending Dr. Galbraith, that is perfectly agreeable to me; I have no objection at all.

Mr. MONRONEY. Mr. President, will the Senator from Indiana further yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. Is it not a fact that Dr. Galbraith was one of the principal economists called to testify before the Joint Committee on the Economic Report when the Republican Party controlled Congress?

Mr. CAPEHART. That is correct; and it was the able senior Senator from Illinois [Mr. DOUGLAS] who suggested that Dr. Galbraith be called, because I think the Senator from Illinois was the ranking Democratic member of the Joint Committee on the Economic Report.

Dr. Galbraith was called again in January of this year by the able Senator from Illinois [Mr. DOUGLAS], who was then chairman of the committee.

The Senator from Oklahoma now has the reason why Dr. Galbraith was called.

Mr. MONRONEY. So Dr. Galbraith was called before the committee both when it was controlled by the Republicans and by the Democrats.

Mr. CAPEHART. Dr. Galbraith was a member of the OPA many years ago. I shall cover that phase of his activities later, and state what happened to him there.